

112TH CONGRESS
2D SESSION

H. R. 4139

To amend the Internal Revenue Code of 1986 to extend permanently the 100 percent exclusion of gain from the sale or exchange of qualified small business stock.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2012

Mr. DANIEL E. LUNGREN of California introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend permanently the 100 percent exclusion of gain from the sale or exchange of qualified small business stock.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PERMANENT FULL EXCLUSION APPLICABLE TO**
4 **QUALIFIED SMALL BUSINESS STOCK.**

5 (a) PERMANENT FULL EXCLUSION.—

6 (1) IN GENERAL.—Subsection (a) of section
7 1202 of the Internal Revenue Code of 1986 is
8 amended to read as follows:

1 “(a) **EXCLUSION**.—In the case of a taxpayer other
 2 than a corporation, gross income shall not include 100
 3 percent of any gain from the sale or exchange of qualified
 4 small business stock held for more than 5 years.”.

5 (2) **CONFORMING AMENDMENTS**.—

6 (A) The heading for section 1202 of such
 7 Code is amended by striking “**PARTIAL EX-**
 8 **CLUSION**” and inserting “**EXCLUSION**”.

9 (B) The item relating to section 1202 in
 10 the table of sections for part I of subchapter P
 11 of chapter 1 of such Code is amended by strik-
 12 ing “Partial exclusion” and inserting “Exclu-
 13 sion”.

14 (C) Section 1223(13) of such Code is
 15 amended by striking “1202(a)(2),”.

16 (b) **REPEAL OF MINIMUM TAX PREFERENCE**.—

17 (1) **IN GENERAL**.—Subsection (a) of section 57
 18 of the Internal Revenue Code of 1986 is amended by
 19 striking paragraph (7).

20 (2) **TECHNICAL AMENDMENT**.—Subclause (II)
 21 of section 53(d)(1)(B)(ii) of such Code is amended
 22 by striking “, (5), and (7)” and inserting “and (5)”.

23 (c) **REPEAL OF 28 PERCENT CAPITAL GAINS RATE**
 24 **ON QUALIFIED SMALL BUSINESS STOCK**.—

(1) IN GENERAL.—Subparagraph (A) of section 1(h)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

“(A) collectibles gain, over”.

(2) CONFORMING AMENDMENTS.—

(A) Section 1(h) of such Code is amended by striking paragraph (7).

(B)(i) Section 1(h) of such Code is amended by redesignating paragraphs (8), (9), (10), (11), (12), and (13) as paragraphs (7), (8), (9), (10), (11), and (12), respectively.

(ii) Sections 163(d)(4)(B), 854(b)(5), 857(c)(2)(D) of such Code are each amended by striking “section 1(h)(11)(B)” and inserting “section 1(h)(10)(B)”.

(iii) The following sections of such Code are each amended by striking “section 1(h)(11)” and inserting “section 1(h)(10)”:

(I) Section 301(f)(4).

(II) Section 306(a)(1)(D).

(III) Section 584(c).

(IV) Section 702(a)(5).

(V) Section 854(a).

(VI) Section 854(b)(2).

1 (iv) The heading of section 857(c)(2) is
2 amended by striking “1(h)(11)” and inserting
3 “1(h)(10)”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section apply to stock acquired after December 31,
6 2011.

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